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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/803,651	03/18/2004	Robert G. Lynch	LYR 0101 PUS	5331
22045 7590 01/08/2009 BROOKS KUSHMAN P.C. 1000 TOWN CENTER TWENTY-SECOND FLOOR SOUTHFIELD, MI 48075				
EXAMINER				
REYES, REGINALD R				
ART UNIT		PAPER NUMBER		
3626				
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/803,651

**Applicant(s)**

LYNCH, ROBERT G.

**Examiner**

REGINALD REYES

**Art Unit**

3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 18 March 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-14 and 21-34 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-14 and 21-34 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-8508)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Status of Claims***

1. Claim 1-14 and 21-34 have been examined and are addressed below.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claim 1-14 are rejected under 35 U.S.C. 101 based on Supreme Court precedent and recent Federal Circuit decisions. The Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); and *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).
3. Applicants method steps in 1-14 refers to a method and fails the first prong of the new Federal Circuit decision since the system fail to be tied to another statutory class (such as a particular apparatus).

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

Art Unit: 3626

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 12 and 32 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The claim is ambiguous since it recites system, but it doesn't specifically point out the components of the system.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

5. Claims 1-14 and 21-34 are rejected under 35 U.S.C. 102(b) as being anticipated by Binns et al. (U.S. 7,392,201).

6. With respect to claim 1 and 21 Binns teaches a method for estimating incurred but not yet paid (IBNP) claim amounts, the method comprising: a) accessing a set of historical data for each of a plurality of incurred periods and paid periods prior to a valuation date, an incurred period being a time period in which a claim is incurred and a paid period being a time period in which the incurred claim is paid, the set of historical data comprising a paid lag claim amount for each combination of incurred and paid periods, the paid lag claim amount being a total actual amount of claims incurred in a given incurred period

Art Unit: 3626

and paid a given lag time later in a given paid period, the lag time being a measure of elapsed time from a point in the given incurred period to the given paid period (see for example Binns Column 21 lines 24-31 and column 22 lines 8-15); b) identifying a functional relationship between cumulative paid lag claim amounts and paid lag claim amounts, wherein the functional relationship has one or more adjustable parameters, the cumulative paid lag claim amounts are independent variables with a cumulative paid lag claim amount for a selected incurred period being the sum of paid lag claim amounts for one or more paid periods or the sum of paid lag claim amounts for one or more paid periods multiplied by a weighting factor, and the paid lag claim amounts are dependent variables (see for example Binns column 13 lines 51-60); c) adjusting the one or more adjustable parameters to obtain optimized parameters such that a predetermined function of differences between calculated paid lag claim amounts and actual paid lag claim amounts is minimized (see for example Binns column 13 lines 51-64); and d) estimating IBNP claim amounts for each combination of incurred periods and paid periods after the valuation date, the estimated IBNP claim amounts being a projected paid claim amount calculated from the functional relationship with the optimized parameters of step c), for each paid period after the valuation date, from the cumulative paid lag claim amounts for each incurred period as of the valuation date (see for example Binns column 13 lines 51-64 and column 14 lines 3-10).

Art Unit: 3626

7. With respect to claims 2 and 22 Binns teaches the method of claim 1 (as described above). Binns teaches further comprising: e) calculating an incurred period IBNP claim amount for each incurred period by summing IBNP claim amounts estimated in step d over all paid periods after the valuation date for each incurred period before the valuation date (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 26 lines 19-24).

8. With respect to claim 3 and 23 Binns teaches the method of claim 2 (as described above). Binns teaches further comprising estimating a total IBNP liability reserve amount as of the valuation date by summing the incurred period IBNP claim amounts over all incurred periods prior to the valuation date (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 26 lines 19-24).

9. With respect to claim 4 and 24 Binns teaches the method of claim 1 (as described above). Binns teaches further comprising f) calculating a paid period IBNP claim amount for each paid period after the valuation date by summing IBNP claim amounts estimated in step d over all incurred periods before the valuation date for each paid period after the valuation date (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).

Art Unit: 3626

10. With respect to claim 5 and 25 Binns teaches the method of claim 4 (as described above). Binns teaches, further comprising estimating a total IBNP liability reserve amount by summing the paid period IBNP claim amounts over all paid periods after the valuation date (see for example Binns column 13 lines 51-64 and column 14 lines 3-10).

11. With respect to claim 6 and 26 Binns teaches the method of claim 1 (as described above). Binns teaches wherein each of the plurality of incurred periods has an associated number of exposures and the weighting factor in step b for each of the plurality of incurred periods is 1 divided by the associated number of exposures, thereby producing per exposure paid lag claim amounts, the cumulative paid lag claim amounts are the per exposure cumulative paid lag claim amounts, and the IBNP claim amounts are the per exposure IBNP claim amounts (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 63-67).

12. With respect to claim 7 and 27 Binns teaches the method of claim 6 (as described above). Binns teaches further comprising g) calculating an incurred period IBNP claim amount for each incurred period by summing, over all paid periods after the valuation date, the products of the per exposure IBNP claim amount for the given paid period times the number of exposures for that incurred period (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).

13. With respect to claim 8 and 28 Binns teaches the method of claim 7 (as described above) Binns teaches further comprising estimating a total IBNP liability reserve amount by summing the incurred period IBNP claim amount over all incurred periods (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).

14. With respect to claim 9 and 29 Binns teaches the method of claim 6 (as described above). Binns teaches further comprising h) calculating a paid period IBNP claim amount for each paid period after the valuation date by summing, over all incurred periods before the valuation date for the respective paid periods, the products of the per exposure IBNP claim amount for the given paid period times the number of exposures for the respective incurred periods (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).

15. With respect to claim 10 and 30 Binns teaches the method of claim 9 (as described above). Binns teaches further comprising estimating a total IBNP liability reserve amount by summing the paid period IBNP claim amounts over all paid periods (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).



Art Unit: 3626

16. With respect to claim 11 and 31 Binns teaches the method of claim 1 (as described above). Binns teaches wherein step c is performed by a least squares regression (see for example Binns column 31 lines 37-45 and column 38 lines 34-41).

17. With respect to claim 12 and 32 Binns teaches the computer system executing the method of claim 1 (see for example Binns column 13 lines 51-64 and column 14 lines 3-10 and column 21 lines 24-31 and column 22 lines 8-15).

18. With respect to claim 13 and 33 Binns teaches the method of claim 1 (as described above). Binns teaches further comprising adjusting the paid lag claim amount for an effect of trend or seasonality (see for example Binns column 13 lines 5-8 and column 20 lines 22-34).

19. With respect to claim 14 and 34 Binns teaches the method of claim 13 (as described above). Binns teaches further comprising adjusting the projected lag claim amount for an effect of trend or seasonality (see for example Binns column 13 lines 5-8 and column 20 lines 22-34).

***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. U.S. Patent No. 5,649,117 teaches system and method for paying bills and other obligations including selective payor and payee controls.

U.S. Patent No. 5,613,072 teaches a system for funding future workers compensation losses.

U.S. Patent No. 7,003,495 teaches portable electronic authorization system and method.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to REGINALD REYES whose telephone number is (571)270-5212. The examiner can normally be reached on 7:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Christopher Gilligan can be reached on 571-272-6670. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3626

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/R. R./  
Examiner, Art Unit 3626

/Robert Morgan/  
Primary Examiner, Art Unit 3626